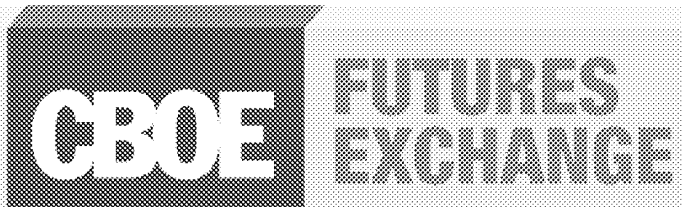


EXHIBIT 2



CFTC Presentation

Bitcoin Futures

July 25, 2017

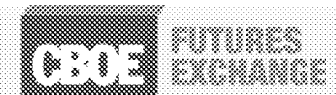
FOIA CONFIDENTIAL TREATMENT REQUESTED BY CBOE FUTURES EXCHANGE, LLC



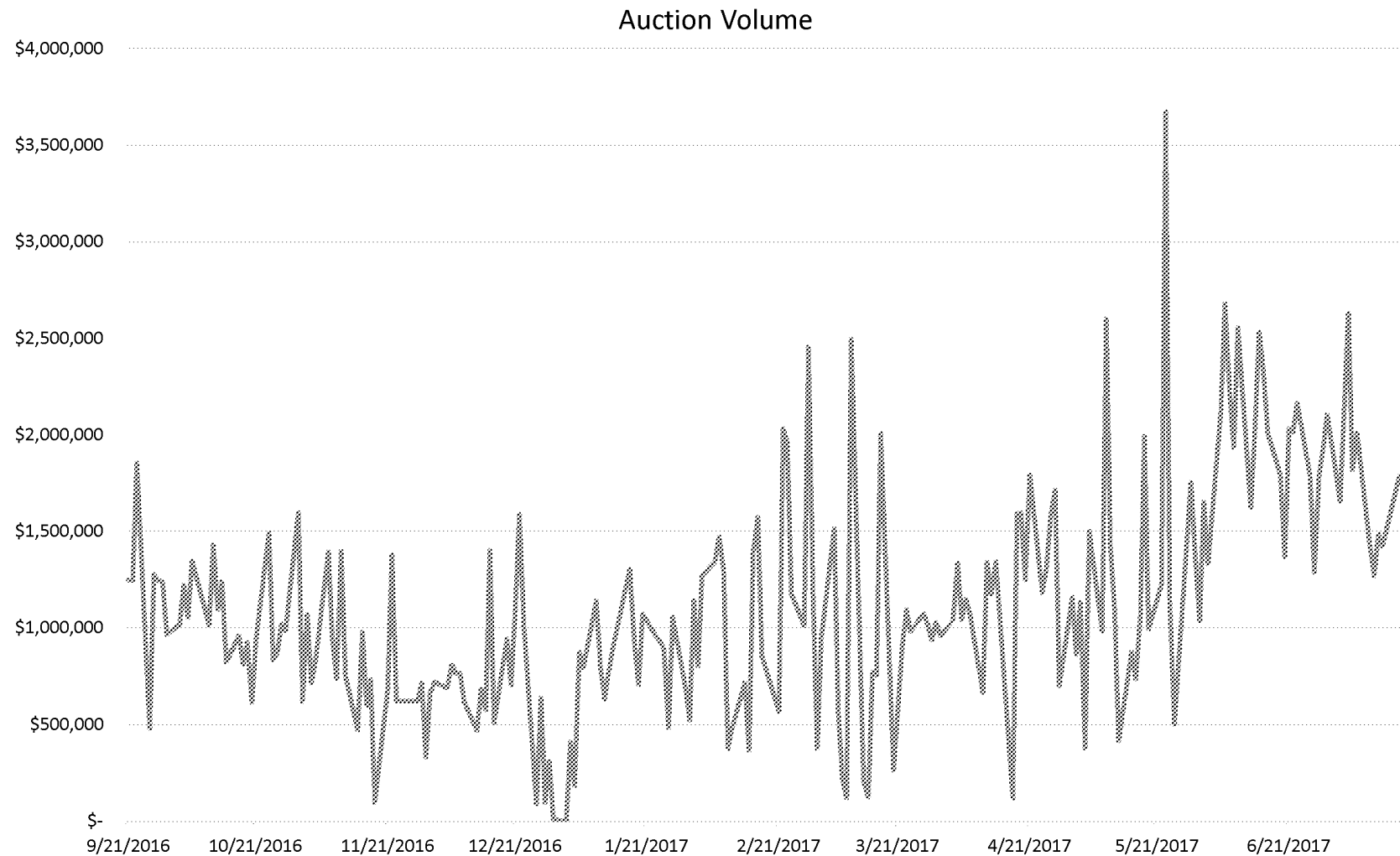
CFE Bitcoin Futures Highlights

➤ **Cash-settled into a liquid, transparent auction**

- ◆ **Conducted by Gemini Exchange**
 - Gemini Exchange is a facility of Gemini Trust Company, LLC which is regulated by the New York State Department of Financial Services
- ◆ **Settlement price is not readily susceptible to manipulation**
 - Information shared between Gemini and CFE Market Regulation and surveillance performed by CFE Market Regulation
 - Arbitrage against other cash bitcoin markets keeps prices in line
 - Liquidity event drives greater participation and offers more transparency
 - Gemini Auction volume is already roughly 2x the average maximum trade size of other bitcoin exchanges
 - Indicative auction prices are shared with the market
 - Price collar on the auction and telescoped position limits dis-incentivize manipulative behavior
 - Prefunding requirements for auction-only orders allows for heightened surveillance
- ◆ **Comparable to auctions used to settle other futures contracts**
 - VIX Futures – CBOE's SPX SOQ
 - S&P 500 Futures – Primary market SOQ



Gemini Auction





Gemini Auction Mechanics

➤ Point-in-Time Auction at 4:00 p.m. ET

- ◆ Customers may enter auction-only market and limit orders
- ◆ Continuous book orders are included rather than traded-through
- ◆ Price determined by greatest matching opportunity between buy and sell orders (“Walrasian equilibrium”)
- ◆ Price applies to all fills, allocated based on time priority

➤ Indicative Prices

- ◆ Broadcast every minute beginning at 3:50 p.m. and every 15 seconds beginning 3:59 p.m.
- ◆ Indicative event “simulates” auction and reports price and size
- ◆ Market makers can observe and influence convergence to continuous trading book
- ◆ Indicative prices open to the public; auction book kept confidential
- ◆ Publically available via API or Gemini website



Gemini Auction Mechanics

➤ Protections

- ◆ As with all Gemini orders, auction orders must be fully (pre-) funded
- ◆ Self-crossing prohibited
- ◆ 5% collar on auction price compared to continuous book midpoint
- ◆ No cancellations permitted after 3:59:00 p.m. ET
- ◆ Time priority encourages measured growth rather than “gaming”
- ◆ Market maker trading fee rebates encourage participation
- ◆ Real-time monitoring by Gemini staff



CFE Regulatory Program

Proposed Surveillance – CFE Bitcoin Futures

➤ **Proposed Information Sharing - CFE and Gemini**

- Gemini Market Data
 - Order/Updates/Executions
 - Position Information
- Referential Data – Gemini Market Participants
- Ongoing communication between CFE and Gemini
 - New and Updated Market Participant information
 - Trading activity and oversight

➤ **Proposed CFE Surveillance**

- T+1 Surveillance on CFE
 - Manipulation
 - Spoofing
 - Position limits
- Cross Market Surveillance
 - Reviews across trading activity on Gemini and CFE



Gemini Regulatory Program

Ongoing and Proposed Surveillance – Gemini Auction

➤ Current Gemini Surveillance

- ◆ Customer Transaction Monitoring and Reporting
 - FinCEN SAR and CTR filings
 - Source and destination of funds analysis
- ◆ Real-Time Auction Indicative Price Monitoring
 - Proposed additional CFE monitoring and information-sharing



Settlement Disruption Contingencies

If the Gemini Auction Price is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the Final Settlement Value is determined in accordance with the Rules and By-Laws of The Options Clearing Corporation (“OCC”).

- OCC convenes an “Adjustment Panel” comprising CFE & OCC to determine an alternative procedure for setting the Final Settlement Value
- Adjustment Panel has broad authority, and makes decisions on a case-by-case basis
- Alternatives include, but are not limited to...
 - Use the following day Gemini Auction Price as the Final Settlement Value
 - Use the Bitcoin trade price on the Gemini Exchange continuous order book at 3 pm CT
 - Use a VWAP/TWAP of Bitcoin trade prices on the Gemini Exchange
 - Use a VWAP/TWAP of Bitcoin trade prices from other Bitcoin exchanges
- Adjustment Panel would coordinate with Gemini Exchange and, if applicable, other relevant markets with similar Bitcoin products



Commercial Use of Bitcoins

➤ International money transfers and micropayments in countries with weak banking systems

- ◆ In 2014, the nonprofit Enhancing Financial Innovation and Access reported that only 36.3% of Nigerians had access to traditional banking services.
- ◆ According to the World Bank (March 2016):
 - approximately 2 billion people globally do not have access to formal financial services
 - Greater than 50% of adults in poorest countries do not have bank accounts
 - 200 million formal and informal micro, small and medium-sized enterprises (MSMEs) in emerging economies lack adequate financing

➤ Access to traditional goods and services

- ◆ According to International Business Times (Feb. 2015) 100,000 merchants accept Bitcoins worldwide, including Microsoft, Dell, Expedia and PayPal
- ◆ Firms have filled gaps in cases where merchants do not accept Bitcoins. Purse.io and Foldapp allow customers to purchase goods through Amazon, Target and other merchants

➤ In April 2017, Japan authorized virtual currencies for transactions

- ◆ Japanese retailers are actively preparing to accept Bitcoin
- ◆ Chinese and other tourists using Bitcoins are expected to boost spending in Japan significantly



Commercial Use of Bitcoin Futures

➤ Commercial Users

- ◆ Bitcoin miners hedging production costs
- ◆ Bitcoin merchant processors hedging inventories
- ◆ Merchants that accept Bitcoin hedging Bitcoin inventories
- ◆ Holders of Bitcoin hedging their portfolio

➤ Retail Users

- ◆ Individual investors gaining exposure to Bitcoins without the need to take or make delivery of Bitcoins

➤ Market Makers

- ◆ Hedging exposures in OTC and Bitcoin transactions in other markets



CFE Bitcoin (USD) Futures

- **Cash-settlement** - Allows market participants to gain and/or hedge exposure without creating bitcoin “wallet”
- **Gemini Auction** – unique & robust daily auction process facilitates convergence with cash Bitcoin price
- **Telescoping position limits** – reduces open interest in expiring contracts, reduces potential imbalances in auction
- Wednesday expirations; expiring contract stops trading at 2:50 pm CT

CFE Bitcoin (USD) Futures Contract Specifications			
Description	Bitcoin (USD) Futures are cash-settled futures contracts listed for trading on the CBOE Futures Exchange		
Contract Size	10 Bitcoin		
Tick Size	0.25; equal to \$2.50 per tick		
Quoting Convention	USD / Bitcoin		
Final Settlement	The Final Settlement Value of an expiring Bitcoin (USD) Futures contract shall be the official Auction Price (rounded to the nearest \$0.01) for Bitcoin determined at 4:00 p.m. Eastern Time on the Final Settlement Date by the Gemini Exchange (the “Gemini Exchange Auction”)		
Position Limits	(1) 2,000 contracts net long or net short in all contract expirations combined; and (2) 250 contracts in the expiring contract during the last 5 trading days prior to expiration		
Contract Listings	Up to four near-term expiration weeks (“weekly” contracts), three near-term serial months (“serial” contracts) and three months on the March quarterly cycle (“quarterly” contracts)		
Trading Hours		Monday	Tuesday - Friday
	Extended	5:00 p.m. (Sunday) to 8:30 a.m.	3:30 p.m. (previous day) to 8:30 a.m.
	Regular	8:30 a.m. to 3:15 p.m.	8:30 a.m. to 3:15 p.m.



➤ CBOE Futures Exchange, LLC
400 South LaSalle Street
Chicago, Illinois 60605
<http://cfe.cboe.com>

FOIA CONFIDENTIAL TREATMENT REQUESTED BY CBOE FUTURES EXCHANGE, LLC